

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

POSTAL RATE AND FEE CHANGES, 1997)

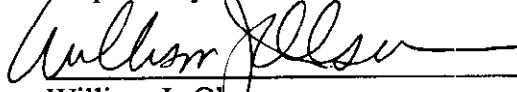
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Docket No. R97-1
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U.S. POSTAL SERVICE

ERRATA TO DIRECT TESTIMONY OF DR. JOHN HALDI (NDMS-T-2)
ON BEHALF OF NASHUA PHOTO INC., DISTRICT PHOTO INC.,
MYSTIC COLOR LAB, AND SEATTLE FILMWORKS, INC.
(February 11, 1998)

Appended are revised pages of the Direct Testimony of Dr. John Haldi (NDMS-T-2).

The following typographical errors in the proposed rates for Priority Mail, which appear at pages 45 and C-15, are corrected and revised pages are attached: the rate for the Zone 4, 15-pound cell should be 11.45, not 11.50; the rate for the Zone L,1,2,3, 35-pound rate cell should be 13.30, not 12.30; the rate for the Zone L,1,2,3, 46-pound cell should be 16.60, not 16.30; and the rate for the Zone 7, 68-pound cell should be 63.20, not 62.30. These changes also affect the corresponding cells (along with the subtotals and totals) set out in Tables C-7 through C-11, (on pages C-15 through C-19), and necessitate changes to pages 48, 49, C-7 and C-8 of the testimony. Revised versions of these pages are attached as well. Also, pages 77 and 78 are revised in accordance with Dr. Haldi's response to USPS/NDMS-T2-5. Lastly, one number on page 15 has been corrected.

Respectfully submitted,



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1 an extra ~~\$1.30~~. The result of high zoned rates was a sharply reduced rate of
2 growth in zoned Priority Mail. (See discussion, *infra*.)

3 **Precedent and proposal. Ample precedent exists for this**
4 **proposal.** The Commission has changed the maximum weight of First-Class
5 Mail on three prior occasions, to prevent anomalies or unusually large gaps.
6 It should do so again. Assuming that the Commission accepts the Postal
7 Service's proposed rate of 23 cents per ounce for each additional ounce of
8 First-Class Mail, I propose that the maximum weight of First-Class Mail be
9 increased to 13 ounces.¹ This will reduce the gap, provide a smooth
10 transition from the maximum rate for First-Class Mail to the minimum rate
11 for Priority Mail, and give mailers maximum options regarding how they
12 send pieces that weigh 12 and 13 ounces.²

¹³ Should the Commission recommend a rate for additional ounces of First-Class Mail that differs from the proposed 23-cent rate, the maximum weight of First-Class Mail should be adjusted accordingly.

¹⁴ The current rate for an 11-ounce piece of First-Class Mail is \$2.62. If a mailer sends a 12-ounce piece with \$2.85 postage (\$2.62 + \$0.23 for the extra ounce), despite the theoretical 11-ounce maximum weight for First-Class Mail, the Postal Service may deliver it as First-Class Mail. Response of witness Moden to NDMS/USPS-T33-31 (Tr. 11/5829).

Table 4

REVISED 2/11/98

Priority Mail
NDMS Proposed Rates

Weight (Pounds)	L 1,2&3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
FLAT	\$3.30	\$3.30	\$3.30	\$3.30	\$3.30	\$3.30
2	3.30	3.30	3.30	3.30	3.30	3.30
3	4.40	4.40	4.40	4.40	4.40	4.40
4	5.50	5.50	5.50	5.50	5.50	5.50
5	6.60	6.60	6.60	6.60	6.60	6.60
6	6.70	6.90	7.00	7.70	7.95	8.80
7	6.80	7.00	7.75	8.55	8.85	9.85
8	6.90	7.35	8.45	9.40	9.75	10.90
9	7.00	7.95	9.20	10.25	10.65	11.90
10	7.10	8.50	9.95	11.10	11.55	12.95
11	7.20	9.10	10.65	11.95	12.45	13.95
12	7.30	9.70	11.40	12.80	13.30	15.00
13	7.40	10.30	12.10	13.60	14.20	16.05
14	7.50	10.90	12.85	14.45	15.10	17.05
15	7.60	11.45	13.60	15.30	16.00	18.10
16	7.70	12.05	14.30	16.15	16.90	19.10
17	7.80	12.65	15.05	17.00	17.80	20.15
18	8.10	13.25	15.75	17.85	18.65	21.20
19	8.40	13.80	16.50	18.70	19.55	22.20
20	8.70	14.40	17.25	19.55	20.45	23.25
21	9.00	15.00	17.95	20.40	21.35	24.30
22	9.30	15.60	18.70	21.25	22.25	25.30
23	9.65	16.20	19.40	22.10	23.10	26.35
24	9.95	16.80	20.15	22.95	24.00	27.35
25	10.25	17.35	20.90	23.75	24.90	28.40
26	10.55	17.95	21.60	24.60	25.80	29.45
27	10.85	18.55	22.35	25.45	26.70	30.45
28	11.15	19.15	23.05	26.30	27.60	31.50
29	11.45	19.70	23.80	27.15	28.45	32.50
30	11.75	20.30	24.55	28.00	29.35	33.55
31	12.05	20.90	25.25	28.85	30.25	34.60
32	12.35	21.50	26.00	29.70	31.15	35.60
33	12.65	22.05	26.70	30.55	32.05	36.65
34	12.95	22.65	27.45	31.40	32.90	37.70
35	13.30	23.25	28.20	32.25	33.80	38.70
36	13.60	23.85	28.90	33.10	34.70	39.75
37	13.90	24.45	29.65	33.90	35.60	40.75
38	14.20	25.00	30.35	34.75	36.50	41.80
39	14.50	25.60	31.10	35.60	37.40	42.85
40	14.80	26.20	31.80	36.45	38.25	43.85
41	15.10	26.80	32.55	37.30	39.15	44.90
42	15.40	27.40	33.30	38.15	40.05	45.95
43	15.70	27.95	34.00	39.00	40.95	46.95
44	16.00	28.55	34.75	39.85	41.85	48.00
45	16.30	29.15	35.45	40.70	42.70	49.00
46	16.60	29.75	36.20	41.55	43.60	50.05
47	16.95	30.30	36.95	42.40	44.50	51.10
48	17.25	30.90	37.65	43.25	45.40	52.10
49	17.55	31.50	38.40	44.05	46.30	53.15
50	17.85	32.10	39.10	44.90	47.20	54.15
51	18.15	32.70	39.85	45.75	48.10	55.20
52	18.45	33.25	40.60	46.60	48.95	56.25
53	18.75	33.85	41.30	47.45	49.85	57.25
54	19.05	34.45	42.05	48.30	50.75	58.30
55	19.35	35.05	42.75	49.15	51.65	59.35
56	19.65	35.60	43.50	50.00	52.50	60.35
57	19.95	36.20	44.25	50.85	53.40	61.40
58	20.30	36.80	44.95	51.70	54.30	62.40
59	20.60	37.40	45.70	52.55	55.20	63.45
60	20.90	38.00	46.40	53.40	56.10	64.50
61	21.20	38.55	47.15	54.20	57.00	65.50
62	21.50	39.15	47.90	55.05	57.85	66.55
63	21.80	39.75	48.60	55.90	58.75	67.55
64	22.10	40.35	49.35	56.75	59.65	68.60
65	22.40	40.95	50.05	57.60	60.55	69.65
66	22.70	41.50	50.80	58.45	61.45	70.65
67	23.00	42.10	51.55	59.30	62.35	71.70
68	23.30	42.70	52.25	60.15	63.20	72.75
69	23.60	43.30	53.00	61.00	64.10	73.75
70	23.95	43.85	53.70	61.85	65.00	74.80

Table 5

Priority Mail
Comparison of Revenues, Costs and Contribution
from Postal Service and NDMS Proposed Rates
(000)

	<u>Postal Service</u>	<u>NDMS</u>
Revenues	\$4,133,916	\$4,148,097
Costs	<u>2,152,087</u>	<u>2,141,759</u>
Contribution	\$1,981,829	\$2,006,338
Mark-up	92.1%	93.7%
Volume	1,088,680	1,077,498

Sources: Appendix B for Postal Service proposal,
Appendix C for NDMS proposal.

Volumes. Under rates proposed here, the projected TYAR volume is 1,077.5 million pieces, while the volume under the Postal Service's proposed rates is 1,088.7 million pieces. Under the rates proposed here, the volume of two-pound/minimum-rate pieces decreases, while the volume of heavier-weight pieces increases, when contrasted with the Postal Service's proposal.

Revenues. Revenues from rates proposed here exceed those from the Postal Service proposal by a slight amount (\$14,181,000, or 0.3 percent),

1 since heavier-weight pieces produce more revenue, as well as greater
2 contribution per piece than lighter-weight pieces.

3 **Costs.** The volume-variable cost of delivering the volume of Priority
4 Mail that arises from rates proposed here, in comparison with the cost
5 associated with the Postal Service's proposal, is slightly less (by \$10,328,000,
6 or 0.5 percent).

7 **Contribution and mark-up.** Under rates proposed here, revenues
8 are up (slightly), costs are down (slightly), and thus the contribution exceeds
9 by a small amount, \$24,485,000, that provided by the Postal Service
10 proposal. Contribution as a percent of volume-variable costs is 93.7 percent,
11 up from 92.1 percent for the Postal Service proposal.

12 This excess contribution could have been used to effect a small
13 reduction in some of the rates proposed here. It was decided, however, not to
14 deviate from the cost-based formula described previously in order to provide
15 a direct counter-point to the Postal Service's proposed rates.

16 17 **Proposed Rates and the Statutory Criteria**

18 The rates proposed here for Priority Mail satisfy each of the applicable
19 statutory criteria set forth in 39 U.S.C. Section 3622(b).

20 In terms of fairness and equity, criterion (b)(1), the proposed rates
21 provide for (i) a rate increase that is above the system average, (ii) a high
22 mark-up over volume-variable cost, (iii) a higher coverage of incremental

1 Florida, virtually all Priority Mail will be removed from normal Postal
2 Service trucks (subject to sampling under TRACS) as well as from short-haul
3 commercial air transport. Even if the total amount of the Postal Service's
4 normal highway transportation cost remains the same in the test year,
5 removing substantial volume of Priority Mail from trucks subject to TRACS
6 sampling should reduce the proportion of those costs attributed to Priority
7 Mail in the test year (*i.e.*, the distribution key developed by TRACS should
8 reflect the reduction in the volume of Priority Mail), with the attribution to
9 other mail carried on those trucks increased by a corresponding amount.
10 Nevertheless, witness Patelunas stated that he made no adjustments to the
11 distribution of highway costs to account for any change in volume caused by
12 the contract.⁹¹ This means that the Postal Service has overstated total
13 Priority Mail highway transportation costs by an amount which could range
14 as high as 30 percent of highway transportation costs, or \$51 million.

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17 [DELETION]
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⁹¹ Tr. 13/7322, ll. 13-17. The Postal Service roll-forward procedure apparently has no way to project changes in the distribution key that result from a sea change event such as the PMPC contract.

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[DELETION]

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12 **Eagle Network Costs**

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In this docket, the Postal Service has not only distinguished incremental costs conceptually, it has also estimated them.⁹³ Incremental costs are, of course, costs that would no longer exist if a particular class of mail should cease to exist. This exercise cannot escape a fact that has long been obvious — namely, that the Eagle Network exists solely to achieve overnight delivery of Express Mail.⁹⁴ In recognition thereof, the Postal Service proposes to release Priority Mail from the cost burden imposed by the

⁹³ USPS-T-3.

⁹⁴ See Docket No. R94-1, N/DP-T-1, pp. 27-31.

1 All other zoned rates from 6 - 70 pounds are rounded to the nearest
2 nickel, in accordance with Commission precedent. The results are the NDMS
3 Proposed Rates shown in Table C-7 and Table 4 in the testimony.

4

5 **Table C-8: Percent Change from Docket No. R94-1 Remand Rates**

6 The difference between the NDMS Proposed Rates (Table C-8) and the
7 Docket No. R94-1 Remand Rates (Table B-1), as a percent of the Docket No.
8 R94-1 Remand Rates, is shown in Table C-8.

9

10 **Table C-9: Projected TYAR Volume**

11 The projected TYAR volume for the NDMS Proposed Rates
12 (1,077,498,277 pieces) is developed using the alternate procedure discussed
13 in the testimony, along with the formula shown in the text and in Appendix
14 B:

$$15 \quad \text{TYAR}_{IJ} = \text{TYBR } V_{IJ} (1 - 0.435019 * R_{IJ})$$

16

17 **Table C-10: Projected TYAR Revenue**

18 Projected TYAR Priority Mail revenues of \$4,148,097,387 are obtained
19 by multiplying NDMS Proposed Rates (Table C-7) by projected TYAR
20 volumes (Table C-9).

1 **Table C-11: Projected TYAR Costs**

2 Projected TYAR cost, including 1-percent contingency
3 (\$2,141,759,376), is derived by multiplying projected TYAR volume (Table
4 C-9) times unit costs (Table C-2). This cost, subtracted from projected TYAR
5 revenues (\$4,148,097,387 Table C-10), results in a contribution to
6 institutional costs of \$2,006,388,011 as shown in Table 5 of the testimony.

Table C-7

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Priority Mail
NDMS Proposed Rates

Weight (Pounds)	L.1,2&3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
FLAT	3.30	3.30	3.30	3.30	3.30	3.30
2	3.30	3.30	3.30	3.30	3.30	3.30
3	4.40	4.40	4.40	4.40	4.40	4.40
4	5.50	5.50	5.50	5.50	5.50	5.50
5	6.60	6.60	6.60	6.60	6.60	6.60
6	6.70	6.90	7.00	7.70	7.95	8.80
7	6.80	7.00	7.75	8.55	8.85	9.85
8	6.90	7.35	8.45	9.40	9.75	10.90
9	7.00	7.95	9.20	10.25	10.65	11.90
10	7.10	8.50	9.95	11.10	11.55	12.95
11	7.20	9.10	10.65	11.95	12.45	13.95
12	7.30	9.70	11.40	12.80	13.30	15.00
13	7.40	10.30	12.10	13.80	14.20	16.05
14	7.50	10.90	12.85	14.45	15.10	17.05
15	7.60	11.45	13.60	15.30	16.00	18.10
16	7.70	12.05	14.30	16.15	16.90	19.10
17	7.80	12.65	15.05	17.00	17.80	20.15
18	8.10	13.25	15.75	17.85	18.65	21.20
19	8.40	13.80	16.50	18.70	19.55	22.20
20	8.70	14.40	17.25	19.55	20.45	23.25
21	9.00	15.00	17.95	20.40	21.35	24.30
22	9.30	15.60	18.70	21.25	22.25	25.30
23	9.65	16.20	19.40	22.10	23.10	26.35
24	9.95	16.80	20.15	22.95	24.00	27.35
25	10.25	17.35	20.90	23.75	24.90	28.40
26	10.55	17.95	21.60	24.60	25.80	29.45
27	10.85	18.55	22.35	25.45	26.70	30.45
28	11.15	19.15	23.05	26.30	27.60	31.50
29	11.45	19.70	23.80	27.15	28.45	32.50
30	11.75	20.30	24.55	28.00	29.35	33.55
31	12.05	20.90	25.25	28.85	30.25	34.60
32	12.35	21.50	26.00	29.70	31.15	35.60
33	12.65	22.05	26.70	30.55	32.05	36.65
34	12.95	22.65	27.45	31.40	32.90	37.70
35	13.30	23.25	28.20	32.25	33.80	38.70
36	13.60	23.85	28.90	33.10	34.70	39.75
37	13.90	24.45	29.65	33.90	35.60	40.75
38	14.20	25.00	30.35	34.75	36.50	41.80
39	14.50	25.60	31.10	35.60	37.40	42.85
40	14.80	26.20	31.80	36.45	38.25	43.85
41	15.10	26.80	32.55	37.30	39.15	44.90
42	15.40	27.40	33.30	38.15	40.05	45.95
43	15.70	27.95	34.00	39.00	40.95	46.95
44	16.00	28.55	34.75	39.85	41.85	48.00
45	16.30	29.15	35.45	40.70	42.70	49.00
46	16.60	29.75	36.20	41.55	43.60	50.05
47	16.95	30.30	36.95	42.40	44.50	51.10
48	17.25	30.90	37.65	43.25	45.40	52.10
49	17.55	31.50	38.40	44.05	46.30	53.15
50	17.85	32.10	39.10	44.90	47.20	54.15
51	18.15	32.70	39.85	45.75	48.10	55.20
52	18.45	33.25	40.60	46.60	48.95	56.25
53	18.75	33.85	41.30	47.45	49.85	57.25
54	19.05	34.45	42.05	48.30	50.75	58.30
55	19.35	35.05	42.75	49.15	51.65	59.35
56	19.65	35.60	43.50	50.00	52.50	60.35
57	19.95	36.20	44.25	50.85	53.40	61.40
58	20.30	36.80	44.95	51.70	54.30	62.40
59	20.60	37.40	45.70	52.55	55.20	63.45
60	20.90	38.00	46.40	53.40	56.10	64.50
61	21.20	38.55	47.15	54.20	57.00	65.50
62	21.50	39.15	47.90	55.05	57.85	66.55
63	21.80	39.75	48.60	55.90	58.75	67.55
64	22.10	40.35	49.35	56.75	59.65	68.60
65	22.40	40.95	50.05	57.60	60.55	69.65
66	22.70	41.50	50.80	58.45	61.45	70.65
67	23.00	42.10	51.55	59.30	62.35	71.70
68	23.30	42.70	52.25	60.15	63.20	72.75
69	23.60	43.30	53.00	61.00	64.10	73.75
70	23.95	43.85	53.70	61.85	65.00	74.80

Source:

Table C-6 with zoned weight cells rounded to the nearest nickel.

Table C-8

REVISED 2/11/98

Priority Mail
Percentage Change, NDMS Proposed Rates
from R94-1 Remand Rates

Weight (Pounds)	L.1.2&3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
FLAT	0.10	0.10	0.10	0.10	0.10	0.10
2	0.10	0.10	0.10	0.10	0.10	0.10
3	0.10	0.10	0.10	0.10	0.10	0.10
4	0.10	0.10	0.10	0.10	0.10	0.10
5	0.10	0.10	0.10	0.10	0.10	0.10
6	0.06	0.00	-0.01	0.07	0.02	0.10
7	0.02	-0.07	-0.04	0.02	-0.04	0.01
8	-0.01	-0.08	-0.06	-0.01	-0.06	-0.06
9	-0.05	-0.08	-0.06	-0.03	-0.06	-0.08
10	-0.09	-0.09	-0.06	-0.03	-0.05	-0.08
11	-0.13	-0.08	-0.06	-0.02	-0.04	-0.08
12	-0.16	-0.08	-0.06	-0.02	-0.04	-0.07
13	-0.19	-0.08	-0.05	-0.01	-0.04	-0.07
14	-0.21	-0.08	-0.06	-0.01	-0.03	-0.07
15	-0.24	-0.08	-0.05	0.00	-0.03	-0.06
16	-0.26	-0.08	-0.05	0.00	-0.03	-0.06
17	-0.28	-0.08	-0.05	0.00	-0.02	-0.06
18	-0.28	-0.08	-0.05	0.01	-0.02	-0.06
19	-0.28	-0.08	-0.04	0.01	-0.02	-0.06
20	-0.28	-0.08	-0.04	0.01	-0.02	-0.05
21	-0.29	-0.08	-0.04	0.01	-0.01	-0.05
22	-0.28	-0.08	-0.04	0.02	-0.01	-0.05
23	-0.28	-0.08	-0.04	0.02	-0.01	-0.05
24	-0.28	-0.08	-0.03	0.02	-0.01	-0.05
25	-0.28	-0.08	-0.03	0.02	-0.01	-0.05
26	-0.28	-0.08	-0.03	0.02	-0.01	-0.05
27	-0.28	-0.08	-0.03	0.02	-0.01	-0.05
28	-0.29	-0.08	-0.03	0.03	0.00	-0.05
29	-0.29	-0.08	-0.03	0.03	-0.01	-0.05
30	-0.29	-0.08	-0.03	0.03	0.00	-0.04
31	-0.29	-0.08	-0.03	0.03	0.00	-0.04
32	-0.29	-0.08	-0.02	0.03	0.00	-0.04
33	-0.29	-0.08	-0.02	0.03	0.00	-0.04
34	-0.29	-0.08	-0.02	0.03	0.00	-0.04
35	-0.28	-0.08	-0.02	0.03	0.00	-0.04
36	-0.29	-0.08	-0.02	0.04	0.00	-0.04
37	-0.29	-0.08	-0.02	0.04	0.00	-0.04
38	-0.29	-0.08	-0.02	0.04	0.00	-0.04
39	-0.29	-0.08	-0.02	0.04	0.00	-0.04
40	-0.29	-0.08	-0.02	0.04	0.00	-0.04
41	-0.29	-0.08	-0.02	0.04	0.01	-0.04
42	-0.29	-0.08	-0.02	0.04	0.01	-0.04
43	-0.29	-0.08	-0.02	0.04	0.01	-0.04
44	-0.29	-0.08	-0.02	0.04	0.01	-0.04
45	-0.29	-0.08	-0.02	0.04	0.01	-0.04
46	-0.29	-0.08	-0.01	0.04	0.01	-0.04
47	-0.29	-0.08	-0.01	0.04	0.01	-0.04
48	-0.29	-0.08	-0.01	0.04	0.01	-0.04
49	-0.29	-0.08	-0.01	0.04	0.01	-0.04
50	-0.29	-0.08	-0.01	0.04	0.01	-0.04
51	-0.29	-0.08	-0.01	0.04	0.01	-0.03
52	-0.29	-0.08	-0.01	0.04	0.01	-0.03
53	-0.29	-0.08	-0.01	0.05	0.01	-0.03
54	-0.29	-0.08	-0.01	0.05	0.01	-0.03
55	-0.29	-0.08	-0.01	0.05	0.01	-0.03
56	-0.29	-0.08	-0.01	0.05	0.01	-0.03
57	-0.29	-0.08	-0.01	0.05	0.01	-0.03
58	-0.29	-0.08	-0.01	0.05	0.01	-0.03
59	-0.29	-0.08	-0.01	0.05	0.01	-0.03
60	-0.29	-0.08	-0.01	0.05	0.01	-0.03
61	-0.29	-0.08	-0.01	0.05	0.01	-0.03
62	-0.29	-0.08	-0.01	0.05	0.01	-0.03
63	-0.29	-0.08	-0.01	0.05	0.01	-0.03
64	-0.29	-0.08	-0.01	0.05	0.01	-0.03
65	-0.29	-0.08	-0.01	0.05	0.01	-0.03
66	-0.29	-0.08	-0.01	0.05	0.01	-0.03
67	-0.29	-0.08	-0.01	0.05	0.01	-0.03
68	-0.29	-0.08	-0.01	0.05	0.01	-0.03
69	-0.29	-0.08	-0.01	0.05	0.01	-0.03
70	-0.29	-0.08	-0.01	0.05	0.01	-0.03

Sources:

- [1] Table C-8, NDMS Proposed Rates.
[2] R-94-1 Remand Rates (Appendix B).

Table C-9

REVISED 2/11/98

Priority Mail
Projected TYAR Volumes
NDMS Proposed Rates

Weight (Pounds)	L 1,2&3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	TOTAL
FLAT	40,569,148	11,562,288	13,031,529	8,435,498	6,581,573	10,810,414	90,990,450
1	220,670,785	48,253,249	49,359,038	28,018,350	19,891,737	39,874,240	406,067,399
2	181,153,638	48,259,573	48,182,726	26,712,088	19,649,903	38,815,127	362,773,055
3	47,584,363	14,721,993	14,829,962	9,217,564	6,415,069	13,505,500	106,274,449
4	18,374,490	5,382,153	6,331,508	3,978,560	2,697,526	6,080,430	42,844,867
5	8,884,245	2,850,116	3,249,567	2,101,275	1,509,033	3,196,553	21,790,789
6	5,078,229	1,700,914	1,985,432	1,142,198	992,161	2,006,334	12,905,268
7	3,055,509	1,205,354	1,184,715	837,255	680,331	1,379,592	8,342,757
8	1,992,725	742,982	747,018	540,110	484,082	1,078,073	5,584,991
9	1,368,836	531,988	686,662	313,497	299,856	726,781	3,927,619
10	988,677	412,833	483,085	246,699	261,706	559,626	2,952,625
11	686,120	261,272	319,499	230,091	196,324	513,228	2,206,534
12	405,163	170,024	324,774	167,815	154,580	420,475	1,642,831
13	410,089	116,127	236,530	137,871	85,362	324,292	1,310,272
14	292,941	119,346	249,016	105,398	98,758	277,974	1,143,432
15	256,000	74,409	140,519	78,892	64,277	191,970	806,067
16	282,365	55,365	63,597	65,071	63,782	207,743	737,924
17	211,061	85,242	67,392	42,524	55,312	185,985	647,516
18	149,074	68,817	75,983	38,204	47,376	176,804	556,258
19	116,458	30,951	77,254	36,529	51,758	146,661	459,611
20	115,881	39,837	57,556	24,390	37,942	112,367	387,971
21	93,543	25,470	48,508	17,034	23,222	124,285	332,062
22	109,618	30,716	34,143	19,368	18,545	80,816	293,206
23	168,778	29,146	21,557	15,575	27,105	76,553	338,715
24	75,858	13,219	27,454	18,649	19,475	72,641	227,296
25	76,363	27,200	15,925	25,804	11,150	49,317	205,759
26	106,974	16,298	18,831	7,686	12,666	37,088	199,523
27	43,755	14,913	28,654	11,384	13,946	32,812	145,463
28	48,024	6,901	12,327	7,781	20,419	29,832	125,283
29	36,588	3,588	10,684	3,109	8,812	23,237	86,019
30	41,575	14,609	8,576	3,959	13,389	19,646	101,753
31	32,051	41,400	9,701	13,995	17,157	20,718	135,022
32	31,077	15,998	16,694	23,385	5,884	21,486	114,524
33	32,006	9,500	30,476	8,272	4,277	27,713	112,244
34	26,787	4,621	3,055	7,785	7,719	16,039	66,005
35	35,690	2,196	11,996	7,558	5,447	15,998	78,884
36	11,947	13,944	4,444	6,994	4,743	17,653	59,724
37	7,455	8,468	1,480	4,917	1,894	16,456	40,670
38	28,093	8,100	3,898	2,517	3,550	13,043	59,201
39	20,320	2,691	4,279	4,515	2,342	15,130	49,277
40	14,633	2,638	10,496	3,138	2,389	14,848	48,141
41	11,964	5,730	232	543	6,545	12,759	37,773
42	7,487	4,342	12,460	1,949	5,550	8,254	40,044
43	2,134	511	2,224	4,618	287	3,578	13,352
44	11,191	1,729	3,200	1,282	2,549	4,274	24,225
45	1,333	1,592	732	2,701	1,415	5,075	12,848
46	2,418	3,821	991	1,957	1,192	8,224	18,604
47	2,087	715	212	1,526	996	3,154	8,689
48	3,859	201	1,685	1,503	1,239	2,674	11,161
49	3,572	453	829	1,199	1,284	6,685	14,022
50	6,139	338	280	740	421	9,362	17,280
51	8,605	3,042	0	493	0	1,753	13,894
52	3,309	1,215	1,185	1,038	7,335	9,598	23,681
53	2,802	409	29	3,439	981	1,063	8,724
54	1,316	0	3,054	877	0	22	5,270
55	634	529	0	184	847	4,866	7,060
56	1,389	1,277	669	199	684	2,107	6,304
57	3,539	0	0	0	280	2,925	6,744
58	609	0	290	2,085	263	4,629	7,877
59	517	567	0	1,050	2,099	1,655	5,888
60	144	52	447	1,207	548	1,006	3,405
61	3,005	0	0	0	470	316	3,791
62	3,591	0	29	0	47	2,052	5,719
63	1,664	0	565	0	718	896	3,842
64	511	0	837	0	0	220	1,567
65	321	0	29	22	0	250	623
66	617	0	0	0	0	559	1,175
67	98	7,413	174	0	112	849	8,645
68	877	0	0	0	0	671	1,548
69	1,517	6,561	0	212	0	256	8,546
70	4,549	0	65	104	0	0	4,717
	533,778,711	136,976,947	142,036,755	82,712,231	60,578,443	121,415,191	1,077,498,277

Sources:

[1] TYBR Volume (USPS-33L) .

[2] Table C-10.

Table C-10

REVISED 2/11/98

Priority Mail
Projected TYAR Revenues
NDMS Proposed Rates

Weight (Pounds)	L, 1, 2 & 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	TOTAL
FLAT	133,878,188	38,155,550	43,004,046	27,837,143	21,719,191	35,674,367	300,268,484
1	728,213,590	159,235,721	162,884,825	92,460,554	65,642,733	131,584,992	1,340,022,415
2	597,807,005	159,256,591	159,002,995	88,149,892	64,844,680	128,089,920	1,197,151,083
3	209,371,195	64,776,768	65,251,831	40,557,280	28,226,303	59,424,201	467,607,578
4	101,059,698	29,601,840	34,823,297	21,882,079	14,836,391	33,442,366	235,645,670
5	58,636,018	18,810,766	21,447,140	13,868,416	9,959,618	21,097,250	143,819,208
6	34,024,133	11,736,304	13,898,025	8,799,019	7,867,683	17,655,735	94,000,899
7	20,777,461	8,437,481	9,181,543	7,158,011	6,020,930	13,588,980	65,164,406
8	13,749,804	5,460,919	6,312,304	5,074,429	4,719,801	11,750,994	47,068,251
9	9,581,851	4,229,306	6,315,828	3,213,341	3,192,811	8,648,695	35,181,833
10	7,019,605	3,509,079	4,806,692	2,738,358	3,022,708	7,247,152	28,343,594
11	4,940,067	2,377,578	3,402,662	2,749,582	2,444,239	7,159,529	23,073,657
12	2,957,693	1,649,091	3,702,420	2,148,037	2,055,909	6,306,852	18,820,000
13	3,034,660	1,196,113	2,862,012	1,875,045	1,212,139	5,204,894	15,384,863
14	2,197,061	1,300,867	3,199,196	1,522,994	1,491,521	4,739,453	14,451,092
15	1,945,599	851,987	1,911,057	1,207,046	1,028,436	3,474,659	10,418,784
16	2,174,213	667,148	909,435	1,050,901	1,077,920	3,967,894	9,847,511
17	1,646,504	1,077,894	1,014,254	722,901	984,551	3,748,296	9,194,399
18	1,207,496	911,823	1,196,738	682,054	883,565	3,748,252	8,629,927
19	978,250	427,129	1,274,442	683,048	1,011,872	3,255,869	7,630,610
20	1,008,163	573,658	992,834	476,816	775,860	2,612,115	6,439,445
21	841,885	382,099	870,712	347,488	495,797	3,020,135	5,958,115
22	1,019,446	479,173	638,468	411,572	412,617	2,044,648	5,005,924
23	1,628,709	472,172	418,198	344,215	626,125	2,017,176	5,506,595
24	754,791	222,082	553,087	428,000	467,405	1,986,721	4,412,087
25	782,723	471,913	332,841	612,840	277,687	1,400,631	3,878,635
26	1,128,579	292,509	406,759	189,064	326,795	1,091,642	3,435,348
27	474,742	276,632	640,408	289,728	372,348	999,124	3,052,983
28	535,362	132,146	284,131	204,632	563,566	939,704	2,659,540
29	419,014	70,684	254,244	84,401	250,702	755,208	1,834,253
30	488,505	296,630	210,531	110,871	392,958	659,114	2,158,609
31	386,218	865,260	244,943	403,737	518,993	716,839	3,135,992
32	383,805	343,957	434,038	694,524	183,273	764,914	2,804,513
33	404,872	209,486	813,720	252,702	137,091	1,015,607	2,833,477
34	346,895	104,673	83,840	244,439	253,940	604,659	1,638,446
35	474,675	51,053	338,281	243,733	184,096	619,122	1,910,961
36	162,482	332,558	128,422	231,509	164,599	701,695	1,721,265
37	103,628	207,035	43,879	166,700	67,401	670,572	1,259,215
38	398,926	202,512	118,312	87,459	129,558	545,222	1,481,990
39	294,644	68,895	133,080	160,722	87,596	648,307	1,393,245
40	216,549	69,068	333,759	114,386	91,395	651,073	1,476,261
41	180,690	153,569	7,561	20,236	256,255	572,872	1,191,183
42	115,306	118,982	414,927	74,364	222,291	379,282	1,325,152
43	33,502	14,273	75,630	180,074	11,759	168,000	483,239
44	179,059	49,356	111,195	51,089	106,690	205,145	702,535
45	21,720	46,419	25,938	109,917	60,431	248,680	513,105
46	40,142	113,668	35,894	81,325	51,873	411,609	734,611
47	35,373	21,658	7,825	64,710	44,314	161,171	335,051
48	66,563	6,220	63,452	65,021	56,228	139,321	396,804
49	62,684	14,268	31,817	52,820	59,451	355,317	576,356
50	109,585	10,840	10,937	33,243	19,891	506,952	691,447
51	156,146	99,486	0	22,573	0	86,750	374,955
52	61,043	40,404	48,120	48,372	359,066	539,914	1,096,920
53	52,543	13,844	1,198	163,203	48,920	60,885	340,592
54	25,066	0	128,440	42,378	0	1,281	197,165
55	12,269	18,536	0	9,040	43,769	288,812	372,425
56	26,895	45,474	29,084	9,962	35,898	127,148	274,462
57	70,600	0	0	0	14,959	179,608	265,167
58	12,371	0	13,041	107,810	14,296	288,869	436,386
59	10,660	21,221	0	55,157	115,874	104,985	307,897
60	3,000	1,987	20,750	64,472	30,741	64,916	185,866
61	63,701	0	0	0	26,793	20,704	111,198
62	77,204	0	1,389	0	2,699	136,582	217,874
63	36,264	0	27,472	0	42,169	60,504	166,409
64	11,291	0	41,288	0	0	15,065	67,643
65	7,196	0	1,451	1,288	0	17,416	27,351
66	13,997	0	0	0	0	39,473	53,470
67	2,245	312,103	8,960	0	7,006	60,864	391,178
68	20,438	0	0	0	0	48,792	69,231
69	35,797	284,099	0	12,918	0	18,888	351,700
70	108,944	0	3,500	6,403	0	0	118,846
	1,949,106,999	521,180,584	555,785,102	331,756,042	250,674,276	539,594,384	4,148,097,387

Sources:

[1] Table C-7.

[2] Table C-9.

Table C-11

REVISED 2/11/98

Priority Mail
Projected TYAR Costs
Including 1 Percent Contingency
NDMS Proposed Rates

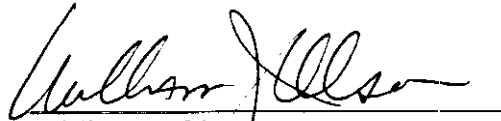
Weight (Pounds)	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	TOTAL
FLAT	58,148,326	18,174,952	21,074,222	14,375,950	11,569,487	20,508,306	143,851,243		
1	316,290,514	75,850,083	79,822,046	47,749,452	34,966,899	75,644,938	630,323,932		
2	297,798,750	92,711,798	96,925,207	58,385,016	45,057,123	99,811,138	690,689,033		
3	88,244,686	33,423,299	35,681,820	24,585,173	18,142,641	43,836,302	243,913,921		
4	37,944,734	14,098,482	17,731,443	12,527,307	9,072,488	23,836,336	115,210,789		
5	20,217,561	8,461,076	10,382,216	7,628,046	5,882,810	14,686,672	67,258,381		
6	12,625,757	5,643,407	7,126,509	4,696,369	4,398,779	10,571,162	45,061,982		
7	8,240,218	4,420,105	4,719,722	3,845,671	3,380,338	8,199,270	32,805,323		
8	5,793,704	2,984,001	3,270,663	2,740,888	2,664,291	7,134,275	24,587,823		
9	4,268,051	2,322,362	3,277,254	1,741,843	1,810,810	5,299,674	18,719,993		
10	3,290,912	1,946,354	2,496,186	1,489,487	1,720,475	4,458,169	15,401,583		
11	2,428,311	1,323,036	1,776,933	1,499,998	1,395,710	4,434,650	12,858,638		
12	1,519,273	920,342	1,934,375	1,174,818	1,181,658	3,916,752	10,647,219		
13	1,624,103	669,150	1,502,088	1,031,572	698,215	3,239,496	8,764,623		
14	1,221,845	729,368	1,679,604	839,349	860,635	2,964,254	8,295,054		
15	1,121,674	480,728	1,003,222	666,253	594,548	2,176,586	6,043,010		
16	1,296,658	377,023	479,129	580,868	624,101	2,495,517	5,853,296		
17	1,013,667	610,242	534,306	400,067	570,819	2,359,569	5,488,671		
18	747,351	516,687	632,390	377,820	514,275	2,362,324	5,150,847		
19	608,365	243,195	673,436	378,844	589,540	2,058,471	4,551,852		
20	629,752	326,927	524,426	264,690	452,468	1,652,907	3,851,170		
21	528,055	217,914	461,118	193,062	289,363	1,912,046	3,601,558		
22	641,884	273,525	338,031	228,846	240,999	1,297,801	3,021,086		
23	1,023,849	269,724	221,925	191,531	366,753	1,280,967	3,354,749		
24	476,150	126,948	293,462	238,311	273,937	1,264,485	2,673,293		
25	495,400	270,704	176,515	342,161	162,807	891,732	2,339,319		
26	716,514	167,893	216,153	105,812	191,722	695,246	2,093,140		
27	302,286	158,834	340,197	161,919	218,547	637,553	1,819,335		
28	341,890	75,907	151,214	114,412	330,921	599,765	1,614,109		
29	268,185	40,721	135,282	47,209	147,528	482,850	1,121,775		
30	313,490	170,902	111,964	62,033	231,313	421,471	1,311,172		
31	248,428	498,772	130,480	226,008	305,597	458,444	1,867,729		
32	247,423	198,325	231,125	388,900	107,946	489,938	1,663,657		
33	261,554	121,093	433,967	141,546	80,766	650,600	1,689,527		
34	224,550	60,517	44,704	136,960	149,873	387,351	1,003,955		
35	306,693	29,521	180,276	136,604	108,674	397,156	1,158,924		
36	105,182	192,334	68,534	129,788	97,169	450,140	1,043,146		
37	67,205	119,756	23,408	93,618	39,807	430,715	774,509		
38	259,163	117,392	63,197	49,127	76,520	350,182	915,582		
39	191,735	39,941	71,059	90,298	51,745	416,412	861,190		
40	141,152	40,067	178,431	64,277	54,068	418,665	896,659		
41	117,925	89,044	4,040	11,373	151,614	368,368	742,364		
42	75,379	68,995	221,661	41,801	131,531	243,879	783,245		
43	21,932	8,292	40,449	101,248	6,959	108,136	287,017		
44	117,380	28,671	59,448	28,728	63,144	132,039	429,411		
45	14,257	26,970	13,882	61,818	35,811	160,216	312,953		
46	26,382	66,044	19,201	45,745	30,801	265,172	453,345		
47	23,207	12,605	4,185	36,404	26,264	103,824	206,488		
48	43,723	3,620	33,969	36,584	33,329	89,829	241,054		
49	41,223	8,304	17,028	29,757	35,240	229,077	360,628		
50	72,149	6,309	5,859	18,729	11,791	327,115	441,952		
51	102,841	57,901	0	12,719	0	62,419	235,981		
52	40,276	23,551	25,760	27,259	213,090	348,324	678,260		
53	34,696	8,069	642	91,978	29,032	39,311	203,727		
54	16,572	0	68,795	23,885	0	827	110,078		
55	8,119	10,803	0	5,096	25,977	186,439	236,434		
56	17,814	26,540	15,585	5,616	21,327	82,140	169,023		
57	46,806	0	0	0	8,887	116,018	171,710		
58	8,189	0	6,992	60,785	8,493	186,726	271,185		
59	7,062	12,384	0	31,101	68,846	67,855	187,248		
60	1,989	1,159	11,130	36,356	18,264	41,953	110,853		
61	42,273	0	0	0	15,919	13,389	71,581		
62	51,275	0	744	0	1,605	88,318	141,942		
63	24,107	0	14,738	0	25,076	39,148	103,070		
64	7,510	0	22,143	0	0	9,747	39,400		
65	4,790	0	779	727	0	11,267	17,563		
66	9,324	0	0	0	0	25,550	34,874		
67	1,496	182,484	4,806	0	4,166	39,393	232,346		
68	13,634	0	0	0	0	31,575	45,209		
69	23,895	166,108	0	7,294	0	12,230	209,527		
70	72,616	0	1,879	3,616	0	0	78,111		
	873,323,941	270,231,258	297,711,954	190,840,320	150,641,333	359,010,570	2,441,759,376		

Sources:

- [1] Table C-2.
[2] Table C-9.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served by hand delivery or mail the foregoing document upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.


William J. Olson

February 11, 1998